

MINUTES

**MONTANA SENATE
59th LEGISLATURE - REGULAR SESSION**

JOINT SELECT COMMITTEE ON EDUCATION FUNDING

Call to Order: By **CHAIRMAN DON RYAN**, on April 6, 2005 at 4:10 P.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Don Ryan, Chairman (D)
Rep. Bill E. Glaser (R)
Rep. Holly Raser (D)
Sen. Bob Story Jr. (R)

Members Excused: None.

Members Absent: None.

Staff Present: Connie Erickson, Legislative Branch
Eddy McClure, Legislative Branch
Lois O'Connor, Committee Secretary
Jim Standaert, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Continued Discussion of Education Funding

SEN. ROBERT STORY, SD 30, said that the Senate Finance and Claims Committee will hear the interim study bill on April 8, 2005. The Subcommittee will recap what it has done in the form of a final report.

{Tape: 1; Side: A; Time Counter: 2.4}

Curt Nichols, MT Taxpayers Association, provided an overview on ANB Decline Analysis--the effects of enrollment decline on school district budgets.

EXHIBIT(jes73a01)

{Tape: 1; Side: A; Time Counter: 15.5}

REP. HOLLY RASER, HD 98, asked from where did **Mr. Nichols** receive his information for the analysis. **Mr. Nichols** said that the expenditure information was taken from the 2004 school trustee reports.

{Tape: 1; Side: A; Time Counter: 17.2}

Lance Melton, MT School Boards Association (MTSBA), asked that the Subcommittee consider whether operations and maintenance included building reserve levies. If it does, that it would correlate that with any disparity between spending the operations and maintenance fund and cross-reference the schools in the analysis to see whether they are in or out of compliance with the accreditation standards in terms of administration and instructional levels. Although he felt that the analysis was good information, his concern was that it may turn into a regression analysis if the state is going to build a new funding system based upon a failed old system. He strongly disagreed that an analysis of what is currently happening throughout the state, that has no rationality to it as defined by the Court, could be adjusted through the incentives that have been suggested throughout the Subcommittee's work.

{Tape: 1; Side: A; Time Counter: 22.2}

Dave Puyear, MT Rural Education Association (MREA), said that the analysis points out that the differences among the schools across the state are very diverse. To put numbers to them, such as those in the analysis, the average expenditures per-ANB become enormously skewed. The big complexity is going to be in the needs assessment to identify the various schools in Montana, what their facilities look like, and what it means in terms of budgeting.

SEN. STORY said that districts move costs to make their budgets work. He asked about the accuracy of the school trustee expenditure reports. **Mr. Puyear** said that is one of the main reasons that he has continually commented about the importance of a comprehensive needs assessment, because the information is not currently known. It is common practice among districts to move expenditure figures around to make their budgets work. If the state were to now say to districts that they will have to run their districts on the figure that they put in any budgetary item, he predicted a crisis across the state.

{Tape: 1; Side: A; Time Counter: 28.3}

SEN. STORY felt that the Subcommittee's final report should include information on its work on the classroom entitlement, should include a comprehensive work plan for the interim committee on how the process should start so that it is not beginning from scratch, and include an analysis on the pros and cons of the school needs and costs.

{Tape: 1; Side: B; Time Counter: 2.1}

REP. RASER requested further information on the variability of utilities, employee insurance, the availability of information technology, and a current inventory of school facilities as they relate to upgrading for long-term bonding. She felt that these should be mentioned in the Subcommittee's final report.

The Subcommittee discussed the appropriation for the interim study. **Connie Erickson, Legislative Services Division (LSD)**, said that there is enough money left in LSD's Program 21 fund for the interim committee to hold two, 2-day meetings in both May and June. Staff also suggested two, 2-day meetings in July, August, and September, with the possibility of another meeting in October and before the special session. **Ms. Erickson** said that LSD is looking at the interim study as an intensive, short-term study, and most of the other interim committees do not hold their first meetings until the end of August. **Ms. Erickson** and **Ms. McClure** will be full-time staff for the interim committee and will adjust their schedules as necessary.

{Tape: 1; Side: B; Time Counter: 18.6}

Mr. Melton urged the Subcommittee to not conduct the interim study on the cheap. He said that the \$200,000 appropriation request empowers the interim committee. It does not supplant it. He also felt that the interim committee retain full authority over how it wants to spend the money.

{Tape: 1; Side: B; Time Counter: 22.2}

REP. GLASER will talk with **Greg Petesch, Director of Legal Services, LSD**, as to whether the RFP process could be shortened because the interim committee would not have time to wait for the entire RFP process.

Ms. Erickson said that staff has also requested copies of the high school study from Western Montana College as requested by the Subcommittee, **Eddye McClure, LSD**, has begun work on a legal analysis related to any further legal ramifications if the state were to decide to fund to the 80% level and she has contacted **Mae Nan Ellingson** about the bonding issue, and **Chris Lohse, LSD**, will provide information on Idaho's school funding model.

ADJOURNMENT

Adjournment: 5:00 P.M.

SEN. DON RYAN, Chairman

LOIS O'CONNOR, Secretary

DR/lo

Additional Exhibits:

EXHIBIT ([jes73aad0.PDF](#))